

Message Text

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62

ACTION EB-11

INFO OCT-01 AF-10 EUR-25 EA-11 NEA-10 ADP-00 L-03 SCEM-02

COME-00 INT-08 TRSE-00 CIAE-00 INR-10 NSAE-00 RSC-01

SS-15 NSC-10 PRS-01 CIEP-02 OMB-01 H-02 RSR-01 /124 W
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P R 231853 Z MAY 73

FM AMEMBASSY LONDON

TO SECSTATE WASHDC PRIORITY 1436

INFO AMEMBASSY BONN

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TEHRAN

AMEMBASSY THE HAGUE

AMEMBASSY TOKYO

AMEMBASSY TRIPOLI

USMISSION EC BRUSSELS

USMISSION OECD PARIS

C O N F I D E N T I A L LONDON 06097

E. O. 11652: XGDS

TAGS: ENRG

SUBJECT: LIBYAN OIL NEGOTIATIONS

REF: STATE 97463

1. EMBASSY INFORMED FCO IN ACCORDANCE WITH PARA 4
REFTEL THAT UNLESS SITUATION DETERIORATES RAPIDLY US DOES
NOT FORESEE NEED FOR SPECIAL MEETING OF HIGH LEVEL GROUP
PRIOR TO JUNE 12.

2. FCO TELLS US THAT INITIAL RESPONSE OF MOST OECD
GOVERNMENTS QUERIED ABOUT SPECIAL MEETING WAS LESS THAN
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ENCOURAGING. MOST GOVERNMENTS MERELY SAID THEY WOULD LOOK INTO QUESTION. IN VIEW OF THIS REACTION AND US POSITION, FCO THOUGHT IT LIKELY HMG WOULD LET MATTER REST FOR THE MOMENT.

3. FCO BELIEVES NONETHELESS US AND UK ARE ONLY CONSUMER COUNTRIES WHICH PRESENTLY AWARE OF REAL SERIOUSNESS OF LIBYAN SITUATION. HMG IS CONCERNED OVER CONSEQUENCES FOR UK AND EUROPE OF PARTIAL OR COMPLETE SHUTDOWN OF LIBYAN PRODUCTION. FCO HOPED THAT SPECIAL MEETING COULD EXAMINE TENTATIVE POOLING ARRANGEMENTS AMONG EUROPEANS THEMSELVES, AS WELL AS WITH US, AND ALSO EXAMINE POTENTIAL FOR INCREASING OFFTAKE FROM OTHER PRODUCER COUNTRIES. WE AGREED LATTER POINT MIGHT BE HANDLED BEST BY APPROPRIATE GOVERNMENTS TALKING DIRECTLY TO OIL COMPANY REPRESENTATIVES (IRAN, NIGERIA WERE COUNTRIES POINTED SPECIFICALLY).

4. FCO OFFICIALS HAD NO NEW THOUGHTS ON WHAT STEPS, IF ANY, CONSUMER GOVERNMENTS MIGHT TAKE TO AVOID NEW INFLATIONARY ROUND OF NEGOTIATIONS. WE AGREED THAT ALMOST ANY CONCEIVABLE LIBYAN SETTLEMENT WOULD POSE A " PRESENTIONAL" PROBLEM VIS A VIS OTHER PRODUCER COUNTRIES AND BEST POSSIBLE FACE HAD TO BE PUT ON IT.

5. IN EMBASSY' S OPINION, HMG WOULD GO ALONG WITH WELL-ORGANIZED CONSUMER EMBARGO IN EVENT OF EXPROPRIATIONS BY LARG. ALTHOUGH BP INTERESTS ALREADY NATIONALIZED, SHELL STILL HAS SUBSTANTIAL INTERESTS IN LIBYA WORTH PROTECTING. MOREOVER, HMG, BP AND SHELL WOULD HAVE CONCERN SIMILAR TO IF PERHAPS NOT AS PRONOUNCED AS THAT OF USG AND AMERICAN OIL COMPANIES ABOUT QUICKENING PACE TOWARD NATIONALIZATION IN OTHER PRODUCER COUNTRIES.

ANNENBERG

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*** Current Classification *** CONFIDENTIAL

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JAKARTA
JIDDA
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